

Labor; nurses' association. A nurses' association whose membership includes a small percentage of self-employed private duty nurses and whose primary activity is acting as a collective bargaining agent for its members qualifies for exemption as a labor organization under section 501(c)(5) of the Code.

'Advice has been requested whether the nonprofit organization described below is exempt from Federal income tax as a labor organization described in section 501(c)(5) of the Internal Revenue Code of 1954.

'The organization is an association of persons engaged in the nursing profession in a particular state. Membership is open to all persons engaged in the profession who are graduates of an accredited school of nursing and who are licensed to practice in at least one state. Except for a small percentage of the membership that as private duty nurses are independent contractors, the members of the organization are employed by various institutions, organizations, and doctors in the state.

'The purposes of the organization are to foster high standards within the nursing profession, to promote the professional and educational advancement of nurses, and to promote the improvement of nursing services. Its primary activity is acting as a collective bargaining agent for its members in contract negotiations between the various institutions and the nurses employed by them. It also operates a health and welfare fund that is funded from members' dues for the membership. Other activities engaged in by the organization include sponsoring a biennial convention; operating periodic workshops, conferences, and institutes; and providing scholarships for continuing education.

'Section 501(c)(5) of the Code provides for the exemption from Federal income tax of labor organizations.

Section 1.501(c)(5)-1(a) of the Income Tax Regulations provides that labor organizations contemplated by section 501(c)(5) of the Code include those which have as their objects the betterment of the conditions of those engaged in labor, and the development of a higher degree of efficiency in their respective occupations.

'By acting as the collective bargaining agent for its membership and operating the health and welfare fund for their benefit, the organization has as its object the betterment of conditions of those engaged in labor. See Rev. Rul. 76-31, 1976-1 C.B. 157, and Rev. Rul. 62-17, 1962-1 C.B. 87. By sponsoring the conventions and operating the workshops, conferences, and institutes, the organization has as its object the developing of a higher degree of efficiency within the nursing profession.

Since the organization otherwise meets the requirements for exemption from Federal income tax under section 501(c)(5) of the Code, and most of its members are employees, the inclusion of a small percentage of independent contractors in its membership does not affect its exempt status. See Rev. Rul. 74-167, 1974-1 C.B. 134.

'Accordingly, since the organization's activities and objects are those of a labor organization, it qualifies for exemption from Federal income tax under section 501(c)(5) of the Code.

'Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1024, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(5) of the Code. See section 1.501(a)-1 of the regulations. In accordance with the instructions to Form 1024, the application should be filed with the District Director of Internal Revenue for the key district indicated therein.